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Prime Castro Target

# Red Plans Foiled in Venezuela

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CARACAS, July 25 — Venezuela, the richest country in Latin America, has long been the prime target of pro-Castro communists but today their activities are proving ineffective in the face of this nation's steady progress.

The Armed Forces of National Liberation (FALN), the strong active underground communist organization here, having failed to provoke through terrorism the overthrow of Romulo Betancourt, who finished his term in March, 1964 changed tactics. Since President Raul Leoni took office there has been sporadic terrorism but the organization is now concentrating its efforts on guerrilla warfare.

Small guerrilla bands roam the mountains of this country, which is the size of Texas and Oklahoma combined. Reportedly they are operating in 8 of the 20 states, being particularly active in the mountains to the west and to the east of Caracas. They occupy small villages for several hours, seize or purchase supplies, ambush army patrols and carry out sabotage. Army detachments pursue them and at times kill or capture a few but as yet no all out campaign of elimination has been undertaken.

This guerrilla warfare cannot be considered an actual threat to the government at present. The bands receive aid as well as public support from Fidel Castro and other communists. But the communists of Venezuela do not have a leader like Castro, as Cuoa had, to rally the people to their support. Four-fifths of the 8½ million population is concentrated in the highlands of the west and north and along the Caribbean coast, 60 per cent of them in urban districts, and it is evident the overwhelming majority has no interest in a communist revolution. Even the stories of guerrilla exploits reach the public mostly through word of mouth since the newspapers of this country, by agreement of their publishers, rarely print reports of guerrilla activities.

Several hundred communists, including FALN activists and some members of the Chamber of Deputies were rounded up by former President Betancourt in the last months of 1963 before elections. They are still in pris-

ture. Recently the authorities here arrested three individuals whom they said were FALN leaders and were preparing for a top meeting to reassess communist activities in this country.

President Leoni has announced some political and common prisoners will be freed the end of this month. Secretary of the Presidency Manuel Mantilla said none of the approximately 70 will be prominent communists.

The Communist Party and the pro-Castro Independent Revolutionary Movement (MIR) are virtually outlawed in Venezuela since they are not permitted to function or nominate candidates. The Leoni administration has taken the attitude that if the communists wish to pledge publicly an end to all violence then consideration will be given to rehabilitation of the parties. This has reportedly increased the present split between the Moscow and Peking groups.

At present President Leoni has a coalition of his own Democratic Action (AD) Party, the Republican Democratic Union (URD) and the Democratic National Front (FND) which gives him a two-thirds majority in Congress. Labor and the peasants, the backbone of his AD party, back the President and labor is vigorously anti-communist.

The armed forces, always the dominant factor in Venezuela with its long history of dictatorships and rapid changes of government, continue to support the Leoni administration as they did the Betancourt regime.

In analyzing the economic situation of Venezuela it can be pointed out that the budget has been in balance for the past 3 years. This country is the world's largest petroleum exporter and the \$1.3 billion which the government receives from the American and British oil companies here is 70 per cent of its budget. There has been no adverse balance of payments or trade since 1962. Reserves are now up to \$880,000,000.

The Leoni government has increased social-economic expenditures but with a high 3.5 per cent birth rate the need is tremendous. The per capita income is about \$600, the highest in Latin America, but it is

one-third of the people live with totally inadequate housing, health and basic facilities. And despite the increase in industry unemployment is high particularly in cities.

Venezuela already has the best highway system of Latin America and more farm to market roads are being built. Programs of rural electrification, housing, water supply and irrigation are under way. The agrarian reform started by the Betancourt regime is proceeding slowly.

Foreign investments continue to come into this country. U.S. citizens already have some \$3 billion mostly in petroleum. The recent statement by President Leoni as to government policy toward foreign investments in petrochemical plants has cleared the way for a number of investments by U.S. companies. But as yet the President has not clarified the government petroleum policy. The no-concession policy of the Betancourt government remains in effect although it has been indicated operating contracts will be made. So far no contracts have been arranged for development of new oil fields and exploration work halted by the big oil companies several years ago has not been resumed.

Critics of the Leoni administration say that it moves very slowly and there is a sense of drift in government affairs.

At the same time this country has a huge and somewhat unwieldy bureaucracy and complaint is voiced that government funds are not being utilized as efficiently as they should be for social and economic development.

At present Venezuela does not require extensive assistance from the Alliance for Progress. The U.S. AID has only a technical assistance program here costing some \$1½ million yearly. Some long term loans have been made by various international agencies, such as an \$80 million loan by the World Bank for the Curie Dam in the eastern part of the country where the government expects to develop electric power.

In view of this bright political and economic picture it is evident that the plans of the communists to convert this country into a communist satellite like Cuba are at present